

1 MICHAEL MCSHANE (CA State Bar #127944)  
2 JONAS P. MANN (CA State Bar #263314)  
3 **AUDET & PARTNERS, LLP**  
4 221 Main St., Suite 1460  
5 San Francisco, CA 94105  
6 Telephone: (415) 568-2555  
Facsimile: (415) 568-2556  
mmcschane@audetlaw.com  
jmann@audetlaw.com

7 CHARLES J. LADUCA (to apply *Pro Hac Vice*)  
8 MATTHEW E. MILLER (to apply *Pro Hac Vice*)  
9 WILLIAM H. ANDERSON (to apply *Pro Hac Vice*)  
10 **CUNEO GILBERT & LADUCA LLP**  
11 507 C St., N.E.  
Washington, DC 20002  
Telephone: (202) 789-3960  
charlesl@cuneolaw.com  
mmiller@cuneolaw.com  
wanderson@cuneolaw.com

JON M. HERSKOWITZ (to apply *Pro Hac Vice*)  
**BARON & HERSKOWITZ**  
9100 S. Dadeland Blvd., Suite 1704  
Miami, FL 33156  
Telephone: (305) 670-0101  
Facsimile: (305) 670-2393  
[jon@bhfloridalaw.com](mailto:jon@bhfloridalaw.com)

16           *Attorneys for Plaintiffs*  
17           (Additional Counsel Listed in Signature Block)

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

**PAUL ORSHAN and CHRISTOPHER  
ENDARA, individually, and on behalf of  
all others similarly situated.**

### **Plaintiffs.**

v

APPLE INC.

**Defendant.**

**Case No.**

## **CLASS ACTION COMPLAINT:**

- (1) CALIFORNIA'S UNFAIR COMPETITION LAW (§ 17200);**
- (2) CALIFORNIA'S FALSE ADVERTISING LAW (§ 17500 *ET SEQ.*);**
- (3) CALIFORNIA'S CONSUMER LEGAL REMEDIES ACT (§ 1750 *ET SEQ.*)**

## JURY TRIAL DEMANDED

1 Plaintiffs Paul Orshan (“Orshan”) and Christopher Endara (“Endara”), individually and  
 2 on behalf of all others similarly situated (or collectively “Plaintiffs”), file this class action  
 3 against Defendant Apple Inc. (“Apple” or “Defendant”). Plaintiffs allege the following upon  
 4 personal knowledge as to their actions and upon information and belief based upon the  
 5 investigation of their attorneys as to all other facts alleged in the Complaint:

6

## 7 INTRODUCTION

8 1. This case challenges storage capacity misrepresentations and omissions relating  
 9 to use of Apple’s iOS 8 operating system. As set forth in greater detail below, iOS 8 uses an  
 10 unexpectedly large percentage of the storage capacity on 8 GB and 16 GB iPhones, iPads and  
 11 iPods (the “Devices”).

12 2. Defendant fails to disclose to consumers that as much as 23.1% of the advertised  
 13 storage capacity of the Devices will be consumed by iOS 8 and unavailable for consumers when  
 14 consumers purchase Devices that have iOS 8 installed. Reasonable consumers, such as  
 15 Plaintiff, do not expect this marked discrepancy between the advertised level of capacity and the  
 16 available capacity of the Devices, as the operating system and other storage space unavailable to  
 17 consumers occupies an extraordinary percentage of their Devices’ limited storage capacity.

18 3. To compound the harm to consumers, after Defendant provides materially less  
 19 than the advertised capacity on the Devices, Defendant aggressively markets a monthly-fee-  
 20 based storage system called iCloud. Using these sharp business tactics, Defendant gives less  
 21 storage capacity than advertised, only to offer to sell that capacity in a desperate moment, e.g.,  
 22 when a consumer is trying to record or take photos at a child or grandchild’s recital, basketball  
 23 game or wedding. To put this in context, each gigabyte of storage Apple shortchanges its  
 24 customers amounts to approximately 400-500 high resolution photographs.

25

## JURISDICTION AND VENUE

26 4. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C.  
 27 § 1332(d). The matter in controversy exceeds \$5,000,000 exclusive of interests and costs, and  
 28

1 this matter is a class action in which certain class members are citizens of States other than  
2 Defendant's state of citizenship.

3       5.     Venue is proper in this Court because Defendant resides in this District, and a  
4 substantial part of the events alleged in this Complaint giving rise to Plaintiff's claims,  
5 including the dissemination of the false and misleading advertising alleged herein, occurred in  
6 and were directed from this District.

## THE PARTIES

8           6. Plaintiff Paul Orshan is a resident of Miami, Florida. Plaintiff Christopher  
9 Endara is a resident of Miami, Florida.

10        7.      Defendant Apple Inc. (“Apple”) is a corporation organized under the laws of the  
11 State of California, and has its principal place of business in Cupertino, California.

## BACKGROUND

13        8. Storage capacity in computing and telecommunications is typically measured in  
14 a digital unit called a byte. A kilobyte, or “KB,” is typically defined as one thousand, or  $10^3$ ,  
15 bytes. A megabyte, or “MB,” is typically defined as one million, or  $10^6$ , bytes. A gigabyte, or  
16 “GB,” is typically defined as one billion, or  $10^9$ , bytes. The foregoing definitions of KB, MB,  
17 and GB are “decimal” definitions of the respective units, as recognized by the International  
18 System of Quantities (“ISQ”). The ISQ is a measurement system jointly promulgated by the  
19 International Organization for Standardization (“ISO”) and the International Electrotechnical  
20 Commission (“IEC”).

21        9. An alternative to “decimal” units of storage are “binary”-based units. Instead of  
22 being founded upon a base 10 system, it is predicated on a base 2 system. In the binary system  
23 a kibibyte, or KiB, is 1024, or  $2^{10}$  bytes. A mebibyte, or MiB is 1,048,576, or  $2^{20}$  bytes. A  
24 gibibyte, or GiB, is 1,073,741,824, or  $2^{30}$ , bytes. Sometimes, the decimal terms, such as  
25 megabyte or gigabyte, are used to describe quantities of bytes that would be more accurately  
26 represented with binary units – for example, the term gigabyte is sometimes used, in practice, to  
27 represent either 1,000,000,000 or 1,073,742,824 bytes. Some devices containing hard disk  
28 drives (including the Devices at issue in this action) will, for example, graphically represent to

1 the user their total, and available, capacities using the term “GB,” but use that term to denote  
2 1,073,742,824 bytes.

3       10. Defendant advertises the Devices using the decimal definition gigabyte, or GB.  
4 Therefore the capacity of 8 GB Devices is advertised by Defendant as 8 billion bytes. The  
5 storage capacity of 16 GB devices is advertised as 16 billion bytes.

6       11. In reality, nothing close to the advertised capacity of the Devices is available to  
7 end users. Indeed, the discrepancy between advertised and available capacity is substantial and  
8 beyond any possible reasonable expectation. For the Devices, the shortfall ranges from 18.1-  
9 23.1%.

10      12. As noted above, although Defendant advertised based upon the decimal-based  
11 system of measurement, upon information and belief, the Devices display available capacity  
12 based upon the binary definitions. This is confusing even to the technically savvy because it  
13 prevents consumers from making the proverbial “apples to apples” comparison. Exacerbating  
14 this confusion is the fact that rather than using the GiB representation, as suggested by the ISQ,  
15 the graphic interface used on the Devices uses the abbreviation GB, even though it is apparently  
16 referring to gibibytes and not gigabytes.

17      13. Once one converts the available capacity of the Devices from gibibytes back to  
18 gigabytes—a calculation few consumers are likely to make or understand—the capacity  
19 available is materially less than what is represented in Defendant’s advertising. Further, it  
20 appears that Defendant segregates the storage space of the Devices into a media partition and a  
21 root partition. The media partition is the portion of the Device’s storage that is available to the  
22 consumer. Control of the root partition rests exclusively with Apple and consumers have no  
23 ability to reduce the portion of the storage apportioned to Apple. It is important to note that the  
24 root partition is larger than it needs to be and viable storage capacity on the root partition side  
25 can remain unused even as the media partition becomes full and a consumer is instructed to  
26 purchase iCloud space from Apple. Further, several users have reported that, if a consumer  
27  
28

1 “jailbreaks<sup>1</sup>” a Device, the root partition can be reduced in size to accommodate a greater  
 2 storage allocation to the consumer.

### 3 FACTUAL ALLEGATIONS

4       14. Apple is in the business of, *inter alia*, manufacturing and marketing its line of  
 5 “iPhone” cellular telephones, with the first model released on or about released on June 29,  
 6 2007. Apple currently markets and sells the iPhone 6 and 6+ introduced on or about September  
 7 9, 2014. Predecessor models include the iPhone 5s and 5c introduced on or about September  
 8 10, 2013, and the iPhone 4s introduced on or about October 10, 2011. Apple also manufactures  
 9 and markets a line of “iPad” tablet devices, first introduced on April 3, 2010. Apple also  
 10 manufactures and markets a line of “iPod” audio players, first introduced on October 23, 2001.  
 11 As noted above, 8 GB and 16 GB versions of the iPhones, iPods and iPads are collectively  
 12 referred to herein as “the Devices.”

13       15. Apple represents in its advertising that the iPhone 6 and 6+ are available with a  
 14 hard drive capacity of 16 GB. Apple made similar representations with respect to earlier  
 15 models of the iPhone, albeit with respect to lesser storage capacities of 8 GB, as well. Apple  
 16 also makes, and has made at all times during the relevant time period, representations  
 17 concerning the storage capacities of its 8 GB and 16 GB iPads and iPods.

18       16. In February, 2014, Plaintiff Orshan purchased two iPhone 5s’ represented by  
 19 Apple to have 16 gigabytes (“16GB”) of purported storage capacity from the AT&T Store  
 20 located in Coral Gables, Florida. Orshan purchased the devices on a payment plan of \$32.50  
 21 per month. Orshan purchased devices primarily for personal, family or household use. The  
 22 iPhones were purchased with iOS7 and recently upgraded to iOS 8.

23       17. In November, 2012 Plaintiff Orshan also purchased two iPads represented by  
 24 Apple to have 16 gigabytes (“16GB”) of purported storage capacity at the Apple Store in the  
 25  
 26

---

27       28 <sup>1</sup> The term “jailbreak” is used to describe the modification of a Device to remove some, or all,  
           controls or limitations set by the manufacturer, and may include substitution of the operating  
           system. Jailbreaking a Device typically voids the manufacturer’s warranty, and is an option  
           pursued only by the most technically sophisticated and/or adventurous users.

1 Dadeland Mall. Orshan paid \$639.86 for the devices. The iPads were subsequently upgraded to  
2 iOS 8.

3       18. Plaintiff Orshan purchased his iPhones and iPads in reliance on Defendant's  
4 claims, on its website, advertisements, product packaging, and other promotional materials, that  
5 the devices came equipped with 16 GB of storage space. Plaintiff upgraded to iOS 8 with the  
6 belief that the upgrade would not substantially inhibit his available storage capacity. Defendant  
7 did not disclose in conjunction with upgrades to iOS 8 the additional storage capacity that  
8 would be consumed by the upgrade.

9       19. In December, 2014, Plaintiff Endara purchased an iPhone 6 represented by  
10 Apple to have 16 gigabytes ("16GB") of purported storage capacity from the AT&T store  
11 located in Miami, Florida. Endara purchased the device on a payment plan of approximately  
12 \$27 per month. Endara purchased the device primarily for personal use. The iPhone was  
13 purchased with iOS8 pre-installed.

14       20. Plaintiff Endara purchased his iPhone in reliance on Defendant's claims, on its  
15 website, advertisements, product packaging, and other promotional materials, that his iPhone 6  
16 came equipped with 16 GB of storage space.

17       21. Defendant employs false, deceptive and misleading practices in connection with  
18 marketing, selling; and distributing the Devices. For example, in its advertising, marketing, and  
19 promotional materials, including Apple's Internet website, product packaging, and product  
20 displays, Defendant presently misrepresents the iPhone 6 as having 16 GB of storage capacity.

21       22. Defendant knows, but conceals and fails to disclose in its advertising, marketing  
22 or promotional materials, that the operating system and other pre-installed software consumes a  
23 substantial portion of the represented storage capacity of each of the Devices. The represented  
24 capacity, is not, therefore, storage space that the consumer can actually use to store files after  
25 purchase. Thus, for a consumer who purchases a "16 GB" iPhone, iPad, or iPod with iOS 8 pre-  
26 installed, or who upgrades to iOS 8, as much as 23.1% of the represented storage capacity is  
27 inaccessible and unusable.

28

1       23. The following table depicts the discrepancy between represented storage  
 2 capacity, and storage capacity actually available to purchasers, on certain iPhones and iPads  
 3 (with iOS 8 installed) that were recently examined by Plaintiffs' counsel:

Device	Represented Capacity	Capacity Available to User		Capacity Unavailable to User	
	(GB)	(GiB)	(GB)	(GB)	(%)
iPhone 6+	16	11.8	12.7	3.3	20.6%
iPhone 6	16	12.1	13.0	3.0	18.8%
iPhone 5s	16	12.2	13.1	2.9	18.1%
iPad Air	16	11.7	12.6	3.4	21.3%
iPad	16	11.7	12.6	3.4	21.3%
iPod	16	11.5	12.3	3.7	23.1%

14       24. The foregoing actual capacities are further confirmed by reports from several  
 15 purchasers and bloggers reported on various websites. For example, a purchaser complained  
 16 that his new iPhone 4 with a represented capacity of 8 GB had only 6.37 GB of storage. An  
 17 Apple representative conceded that "that is normal" and suggested that, if the user did "not like  
 18 it," to "take it back." See <https://discussions.apple.com/thread/3558683>. A blogger, similarly,  
 19 reported that a "16 GB" iPad only affords 13 GB of usable storage, and noted that "selling a 16  
 20 GB iPad that really only has 13 GB available (after iOS is installed) – is deceptive." See  
 21 <http://www.mcelhearn.com/apples-ios-apps-are-bloated-and-how-many-gigs-do-you-get-on-a-16-gb-ios-device/> See also David Price, "What's an iPhone or iPad's true storage capacity?"  
 22 (April 10, 2014), <http://www.macworld.co.uk/feature/ipad/whats-iphone-or-ipads-true-storage-capacity-3511773/> ("a 16GB iPhone 5s offers 12.2GB of true capacity, and a 16GB iPhone 5c  
 23 allows 12.6GB," apparently using the binary definition of gigabyte). See also  
 24 <http://www.imore.com/16gb-vs-64gb-vs-128gb-which-iphone-6-and-iphone-6-plus-storage-size-should-you-get> ("out of 16 GB of storage you get only 12~13").

1       25.     Apple's misrepresentations and omissions are deceptive and misleading because  
 2 they omit material facts that an average consumer would consider in deciding whether to  
 3 purchase its products, namely, that when using iOS 8, as much as 3.7 GB of the represented  
 4 storage capacity on a device represented to have 16 GB of storage capacity is, in fact, not  
 5 available to the purchaser for storage. For example, Apple misrepresents that an iPhone 6+ with  
 6 the base level of storage has 16 GB of storage space while concealing, omitting and failing to  
 7 disclose that, on models with iOS 8 pre-installed, in excess 20% of that space is not available  
 8 storage space that the purchaser can access and use to store his or her own files.

9       26.     In addition to making material misrepresentations and omissions to prospective  
 10 purchasers of Devices with iOS 8 pre-installed, Apple also makes misrepresentations and  
 11 omissions to owners of Devices with predecessor operating systems. These misrepresentations  
 12 and omissions cause these consumers to "upgrade" their Devices from iOS 7 (or other operating  
 13 systems) to iOS 8. Apple fails to disclose that upgrading from iOS 7 to iOS 8 will cost a Device  
 14 user between 600 MB and 1.3 GB of storage space – a result that no consumer could reasonably  
 15 anticipate. This is confirmed by our own comparison of devices with iOS 7 and iOS8  
 16 installations, and reports by others. *See "iOS 8, thoroughly reviewed"* (September 19, 2014),  
 17 available online at <http://arstechnica.com/apple/2014/09/ios-8-thoroughly-reviewed/2/#install>

18       27.     Rather ironically, Apple touts iOS 8 as "The biggest iOS release ever." Of  
 19 course, Apple is *not* referring to the literal size of iOS 8, which appears to be entirely  
 20 undisclosed in its voluminous marketing materials extolling the purported virtues of iOS 8.

21       28.     At present, Apple does not enable users who have upgraded to iOS 8 to revert  
 22 back to iOS 7 or another operating system. *See "How to downgrade from iOS 8 to iOS 7:*  
 23 Apple stops signing iOS 7.1.2, and blocks iOS downgrades (Sept. 29, 2014), available online at  
 24 <http://www.macworld.co.uk/how-to/iosapps/how-downgrade-from-ios-8-ios-7-reinstall-ios-8-3522302/>; "There's no turning back from iOS 8 if you upgrade from iOS 7.1.2" (Sept. 26,  
 25 2014), available online at <http://bgr.com/2014/09/26/downgrade-from-ios-8-to-ios-7-1-2/>.

27       29.     The most popular storage option, for each of the Devices, is presently, and has  
 28 been at all times, the base level of storage, currently represented to be 8 or 16 GB depending on

1 the Device. At least a plurality (and perhaps a majority) of purchasers make the determination  
2 that the storage afforded by the base model, which is priced lower than models with higher  
3 storage capacity, will be sufficient for their purposes, based on Apple's representations as to the  
4 Devices' storage capacities. The shortfall in actual storage capacity is most acute, and most  
5 material, on the base models, as the unexpected shortfall in storage will cause some purchasers  
6 to exhaust the Devices' storage capacities, and/or to do so earlier than expected.

7       30.     Apple exploits the discrepancy between represented and available capacity for its  
8 own gain by offering to sell, and by selling, cloud storage capacity to purchasers whose internal  
9 storage capacity is at or near exhaustion. In fact, when the internal hard drive approaches “full,”  
10 a pop up ad opens up offering the purchaser the opportunity to purchase “iCloud” cloud storage.  
11 For this service, Apple charges prices ranging from \$0.99 to \$29.99 *per month*. It does not  
12 appear that Apple permits users of its devices to access cloud storage from other vendors, nor  
13 do any of the Devices (unlike certain competitors’ smartphones, including most phones using  
14 the Android operating system) permit the user to insert SD cards or other supplemental, non-  
15 Apple, storage units. Apple also does not permit users to freely transfer files between the  
16 Devices and a (notebook or desktop) PC using a “file manager” utility – an option available to  
17 most users of Android or Windows-based portable devices.

18       31. Plaintiff Orshan purchased a 16 GB iPhone 5s on or about February 2014 with (a  
19 version of) iOS 7 pre-installed. On or about October 2014, Plaintiff upgraded the operating  
20 system on his iPhone 5s to iOS 8 in reliance on Apple's misrepresentations and omissions.

32. Plaintiff Endara purchased a 16 GB iPhone on or about December 2014 with  
33. iOS8 pre-installed.

23       33. Plaintiffs hereby bring this class action seeking redress for Defendant's unfair  
24 business practices, false or deceptive or misleading advertising, and violations of the Consumers  
25 Legal Remedies Act ("CLRA").

## **CLASS ACTION ALLEGATIONS**

27           34. This action may properly be maintained as a class action pursuant to Fed. R. Civ.  
28 P. 23.

1       35. Plaintiffs bring this action as a class action on behalf of themselves and the  
2 following classes (“the Classes”): (1) (a) an “iOS 8 Purchaser Class” consisting of all persons  
3 or entities in the United States who purchased an iPhone, iPod or iPad with represented storage  
4 capacity of 16 GB or less with iOS 8 pre-installed for purposes other than resale or distribution,  
5 and (b) an “iOS 8 Purchaser CLRA Subclass” consisting of all persons in the United States who  
6 purchased an iPhone, iPod or iPad with represented storage capacity of 16 GB or less with iOS  
7 8 pre-installed for personal, family or household use within the four years preceding the filing  
8 of this Complaint, (2)(a) an “Upgrade Class” consisting of all persons or entities in the United  
9 States who upgraded an iPhone, iPod or iPad with represented storage capacity of 16 GB or less  
10 to iOS 8, and (b) an “Upgrade CLRA Subclass” consisting of all persons or entities in the  
11 United States who upgraded an iPhone, iPod or iPad used for personal, family or household use  
12 with represented storage capacity of 16 GB or less to iOS 8,

13       36. Excluded from the Classes are the Defendant, and all officers, directors,  
14 employees, or agents of the Defendant.

15       37. The members of the Classes are so numerous that joinder of all members would  
16 be impracticable. Plaintiffs do not know the exact size or identities of the proposed Classes,  
17 since such information is in the exclusive control of Defendant. Plaintiffs, however, believe  
18 that the Classes encompass at least tens of thousands of individuals.

19       38. There are common questions of law or fact, among others, including  
20           a. The nature, scope and operations of the wrongful practices of Apple;  
21           b. Whether Defendant's advertising, marketing, product packaging, and other  
22              promotional materials were untrue, misleading, or reasonably likely to deceive;  
23           c. Whether Defendant knew that its representations and/or omissions regarding the  
24              Devices' storage capacity were false or misleading, but continued to make them.  
25           d. Whether Defendant's failure to disclose the amount of storage space consumed  
26              by its operating system and other pre-installed software was a material fact;

27  
28

- 1                   e. Whether, by the misconduct as set forth in this Complaint, Apple
- 2                   engaged in unfair or unlawful business practices, pursuant to California
- 3                   Business and Professions Code § 17200, *et seq.*;
- 4                   f. Whether Defendant's conduct violated the California Consumer Legal Remedies
- 5                   Act;
- 6                   g. Whether Defendant's conduct violated the California Business and Professions
- 7                   Code § 17500, *et seq.*;
- 8                   h. Whether, as a result of Apple's misconduct as set forth in this Complaint,
- 9                   Plaintiffs and the Classes are entitled to damages, restitution, equitable
- 10                  relief and other relief, and the amount and nature of such relief; and
- 11                  i. Whether Apple has acted on grounds generally applicable to the Class,
- 12                  making injunctive relief appropriate.

13                  39. Plaintiff's claims are typical of the members of the Classes because Plaintiffs and  
14 all members of the Classes were injured by the same wrongful practices of Apple as described  
15 in this Complaint. Plaintiff's claims arise from the same practices and course of conduct that  
16 gives rise to the claims of the Classes members, and are based on the same legal theories.  
17 Plaintiffs have no interests that are contrary to or in conflict with those of the Classes he seeks  
18 to represent.

19                  40. Plaintiffs will fairly and adequately represent the interests of the members of the  
20 Classes. Plaintiff's interests are the same as, and not in conflict with, the other members of the  
21 Classes. Plaintiff's counsel is experienced in class action and complex litigation.

22                  41. Questions of law or fact common to the members of the Classes predominate and  
23 a class action is superior to other available methods for the fair and efficient adjudication of this  
24 lawsuit, because individual litigation of the claims of all members of the Classes is  
25 economically unfeasible and procedurally impracticable. While the aggregate damages  
26 sustained by Classes members are likely to be in the millions of dollars, the individual damages  
27 incurred by each Class member resulting from Apple' wrongful conduct are, as a general  
28 matter, too small to warrant the expense of individual suits. The likelihood of individual

members of the Classes prosecuting separate claims is remote and, even if every Class member could afford individual litigation, the court system would be unduly burdened by individual litigation of such cases. Individualized litigation would also present the potential for varying, inconsistent, or contradictory judgments and would magnify the delay and expense to all parties and to the court system resulting from multiple trials of the same factual issues. Plaintiffs know of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action and certification of the Classes is proper.

8        42.      Relief concerning Plaintiff's rights under the laws herein alleged and with  
9 respect to the Classes would be proper on the additional ground that Apple has acted or refused  
10 to act on grounds generally applicable to the Classes, thereby making appropriate final  
11 injunctive relief or corresponding declaratory relief with regard to members of each Class as a  
12 whole.

## COUNT I

**California Unfair Competition Law (“UCL”), Cal. Bus. & Prof. Code § 17200, et seq.**

15           43. Plaintiffs repeat and reallege the allegations set forth above as if fully contained  
16 herein.

17 44. Plaintiffs bring this cause of action individually and on behalf of the Class.

18       45.     Defendant has violated California Business and Professions Code § 17200 by  
19 engaging in unfair, unlawful, and fraudulent business acts or practices as described in this  
20 Complaint, including but not limited to, disseminating or causing to be disseminated from the  
21 State of California, unfair, deceptive, untrue, or misleading advertising as set forth above in this  
22 Complaint.

23           46. Defendant's practices are likely to deceive, and have deceived, members of the  
24 public.

25        47. Defendant knew, or should have known, that its misrepresentations, omissions,  
26 failure to disclosure and/or partial disclosures omit material facts and are likely to deceive a  
27 reasonable consumer.

1       48. Defendant continued to make such misrepresentations despite the fact it knew or  
2 should have known that its conduct was misleading and deceptive.

3           49. By engaging in the above-described acts and practices, Defendant committed one  
4 or more acts of unfair competition within the meaning of Unfair Competition Law, Cal. Bus. &  
5 Prof. Code § 17200, *et seq.*

6       50. Plaintiffs and all members of the Classes suffered injury in fact as a result of  
7 Defendant's unfair methods of competition. As a proximate result of Defendant's conduct,  
8 Plaintiffs and members of the Classes were exposed to these misrepresentations and omissions,  
9 purchased a Device(s) in reliance on these misrepresentations, and suffered monetary loss as a  
10 result.

11       51. Plaintiffs, individually and on behalf of the Classes, seek an order of this Court  
12 against Defendant awarding restitution, disgorgement, injunctive relief and all other relief  
13 allowed under § 17200, *et seq.*, plus interest, attorneys' fees and costs.

**COUNT II**

#### **California False Advertising Law (“FAL”), Cal. Bus. & Prof. Code § 17500, et seq.**

16           52. Plaintiffs repeat and reallege the allegations set forth above as if fully contained  
17 herein.

18 53. Plaintiffs bring this cause of action individually and on behalf of the Class.

19        54. Apple is a California company disseminating advertising from California  
20 throughout the United States.

21        55.      Defendant has engaged in a systematic campaign of advertising and marketing  
22 the Devices as possessing specific storage capacities. In connection with the sale of the Devices,  
23 and the promotion of iOS 8, Defendant disseminated or caused to be disseminated false,  
24 misleading, and deceptive advertising regarding storage capacity to the general public through  
25 various forms of media, including but not limited to product packaging, product displays,  
26 labeling, advertising and marketing. However, Defendant knew or reasonably should have  
27 known that the Devices do not make available to users the advertised storage space, and that the

1 failure to disclose the storage space consumed by iOS 8 (both to prospective purchasers of  
2 Devices with iOS 8 pre-installed and to prospective upgraders) was a material omission.

3       56. When Defendant disseminated the advertising described herein, it knew, or by  
4 the exercise of reasonable care should have known, that the statements concerning iOS 8 and  
5 the storage capacity of its Devices were untrue or misleading, or omitted to state the truth about  
6 the Devices' storage capacity, in violation of the False Advertising Law, Cal. Bus. & Prof. Code  
7 § 17500, *et seq.*

8       57. As a proximate result of Defendant's conduct, Plaintiffs and members of the  
9 Class were exposed to these misrepresentations, omissions and partial disclosures, purchased  
10 the Devices in reliance on these misrepresentations, omissions and partial disclosures, and  
11 suffered monetary loss as a result. They would not have purchased the Devices, or would have  
12 paid significantly less for them, and/or would not have upgraded their Devices to iOS 8, had  
13 they known the truth regarding the actual storage capacities of the Devices when equipped with  
14 iOS 8.

15       58. Defendant made such misrepresentations despite the fact that it knew or should  
16 have known that the statements were false, misleading, and/or deceptive.

17       59. There were reasonably available alternatives to further Defendant's legitimate  
18 business interests, other than the conduct described herein.

19       60. Pursuant to Business and Professions Code §§ 17203 and 17535, Plaintiffs and  
20 the members of the Class seek an order of this Court enjoining Defendant from continuing to  
21 engage, use, or employ the above-described practices in advertising the sale of the Devices and  
22 promoting iOS 8.

23       61. Likewise, Plaintiffs seek an order requiring Defendant to make full corrective  
24 disclosures to correct its prior misrepresentations, omissions, failures to disclose, and partial  
25 disclosures.

26       62. On information and belief, Defendant has failed and refused, and in the future  
27 will fail and refuse, to cease its deceptive advertising practices, and will continue to do those  
28

1 acts unless this Court orders Defendant to cease and desist pursuant to California Business and  
2 Professions Code § 17535.

3       63. Plaintiffs, individually and on behalf of the Class, seek restitution, disgorgement,  
4 injunctive relief, and all other relief allowable under § 17500, *et seq.*

## **COUNT III**

## **California Consumer Legal Remedies Act (“CLRA”), Cal. Civil Code § 1750, et seq.**

7           64. Plaintiffs repeat and reallege the allegations set forth above as if fully contained  
8 herein.

9       65. Plaintiffs bring this cause of action individually and on behalf of the Purchaser  
10 and Upgrader CLRA Subclasses.

66. The acts and practices described in this Complaint were intended to result in the  
sale of goods, specifically a cellular phone, in a consumer transaction.

13        67. The Defendant's acts and practices violated, and continue to violate, the  
14 Consumer Legal Remedies Act ("CLRA") in at least the following respects:

15 a. Defendant violated California Civil Code § 1770(a)(5) by representing  
16 that Devices and iOS 8 had characteristics, uses, and benefits that they did not  
17 have, including representations that they had specific storage capacities when  
18 that is not, in fact, the case.

19 b. Defendant violated California Civil Code § 1770(a)(9) by advertising the  
20 Devices as having specific storage capacities with the intent not to sell them as  
21 advertised.

68. At this time, Plaintiffs disclaim any claim for damages under the CLRA but,  
pursuant to California Civil Code § 1780, seeks an order of this Court enjoining Defendant from  
continuing to engage, use, or employ any act prohibited by California Civil Code§ 1770 *et seq.*

25 69. Plaintiffs expressly reserve the right to amend this Complaint to seek damages.

## **Prayer for Relief**

**WHEREFORE**, Plaintiffs pray:

1           a.       That this matter be certified as a class action with the Class defined as set forth  
2 above under pursuant to Fed. R. Civ. P. 23 and that the Plaintiffs be appointed Class  
3 Representatives, and their attorneys be appointed Class Counsel.

4 b. That the Court enter an order requiring Defendant to immediately cease the  
5 wrongful conduct as set forth above; enjoining Defendant from continuing to conduct business  
6 via the unlawful and unfair business acts and practices complained of herein; and ordering  
7 Defendant to engage in a corrective notice campaign;

8           c.       That judgment be entered against Defendant for restitution, including  
9 disgorgement of profits received by Defendant as a result of said purchases, cost of suit, and  
10 attorneys' fees, and injunction; and

11           d.     For such other equitable relief and pre- and post-judgment interest as the Court  
12 may deem just and proper.

## Jury Demand

Plaintiffs hereby demand a trial by jury.

16 | Dated: December 30, 2014 Respectfully submitted,

/s/ Jonas P. Mann  
MICHAEL MCSHANE (SBN 127944)  
JONAS P. MANN (SBN 263314)  
**AUDET & PARTNERS, LLP**  
221 Main Street, Suite 1460  
San Francisco, CA 94105  
Telephone: (415) 568-2555  
Facsimile: (415) 576-1776  
mmcshane@audetlaw.com  
jmann@audetlaw.com

CHARLES J. LADUCA  
MATTHEW E. MILLER  
WILLIAM H. ANDERSON  
**CUNEO GILBERT & LADUCA LLP**  
507 C Street, NE  
Washington, DC 20002  
Telephone: (202) 789-3960  
Facsimile: (202) 789-1813  
[charlesl@cuneolaw.com](mailto:charlesl@cuneolaw.com)

1 mmiller@cuneolaw.com  
2 wanderson@cuneolaw.com

3 JON M. HERSKOWITZ  
4 **BARON & HERSKOWITZ**  
5 9100 S. Dadeland Blvd.  
6 Suite 1704  
7 Miami, Fl. 33156  
Telephone (305) 670-0101  
Facsimile. (305) 670-2393  
jon@bhfloridalaw.com

8 ROBERT SHELQUIST  
9 **LOCKRIDGE GRINDAL NAUEN PLLP**  
10 Suite 2200  
11 100 Washington Avenue S  
12 Minneapolis, MN 55401  
Telephone: (612) 339-6900  
Facsimile: (612) 339-0981  
rkshelquist@locklaw.com

13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

## **DECLARATION OF VENUE**

I, Paul Orshan, declare as follows:

4       1. I am a Plaintiff in this action. I have personal knowledge of the facts herein and, if  
5 called as a witness, I could and would testify competently thereto.

6           2. My Complaint filed in this matter contains causes of action for violation of the  
7 California Consumer Legal Remedies Act against Defendants.

8           3. The Complaint filed in this action is filed in the proper place for trial under  
9 California Civil Code Section 1780(c) in that Defendants maintain their principal place of  
10 business in Santa Clara County, which is within the Northern District of California.

11 I declare under penalty of perjury under the laws of the State of California that the  
12 foregoing declaration is true and correct, and was executed by me at Miami, Florida on  
13 December 29, 2014.

Paul O. L.

Paul Orshan